



Go-To-Market (GTM) Due Diligence Toolkit

This toolkit includes:

- Due diligence focus areas across Marketing, Partners, Sales and Customer Success
- How Frog conducts GTM Due Diligence (GTM DD)
- Interviewing the commercial stakeholders
- Risk and opportunity identification and management
- Dataroom checklist

Our approach to Due Diligence

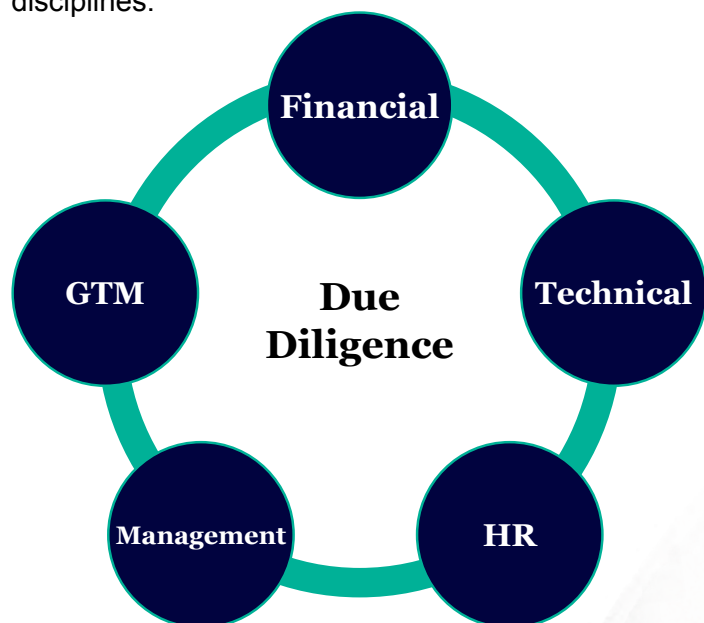


At Frog, due diligence (DD) is an integral part of our investment process. It is led by our team of Operating Partners, who are part of the Frog team (participating in IC meetings) and provide consistent functional support throughout the life-cycle of our investments:

- 1 Deal assessment
- 2 Due diligence
- 3 Ongoing portfolio support

Our approach to DD is designed to add value in its own right; it is conducted not in isolation but as part of an end-to-end process of collaborative added value.

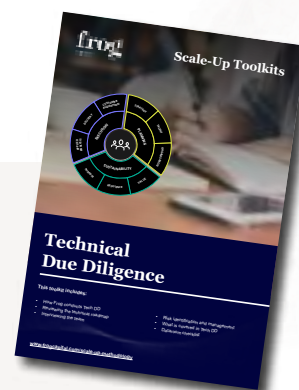
Our Operating Partners work across the following disciplines:



[Click above to find out more about Frog's approach to Due Diligence](#)

Download the How to Scale toolkit for **Technical Due Diligence**

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Download the How to Scale toolkit for **Financial Due Diligence**

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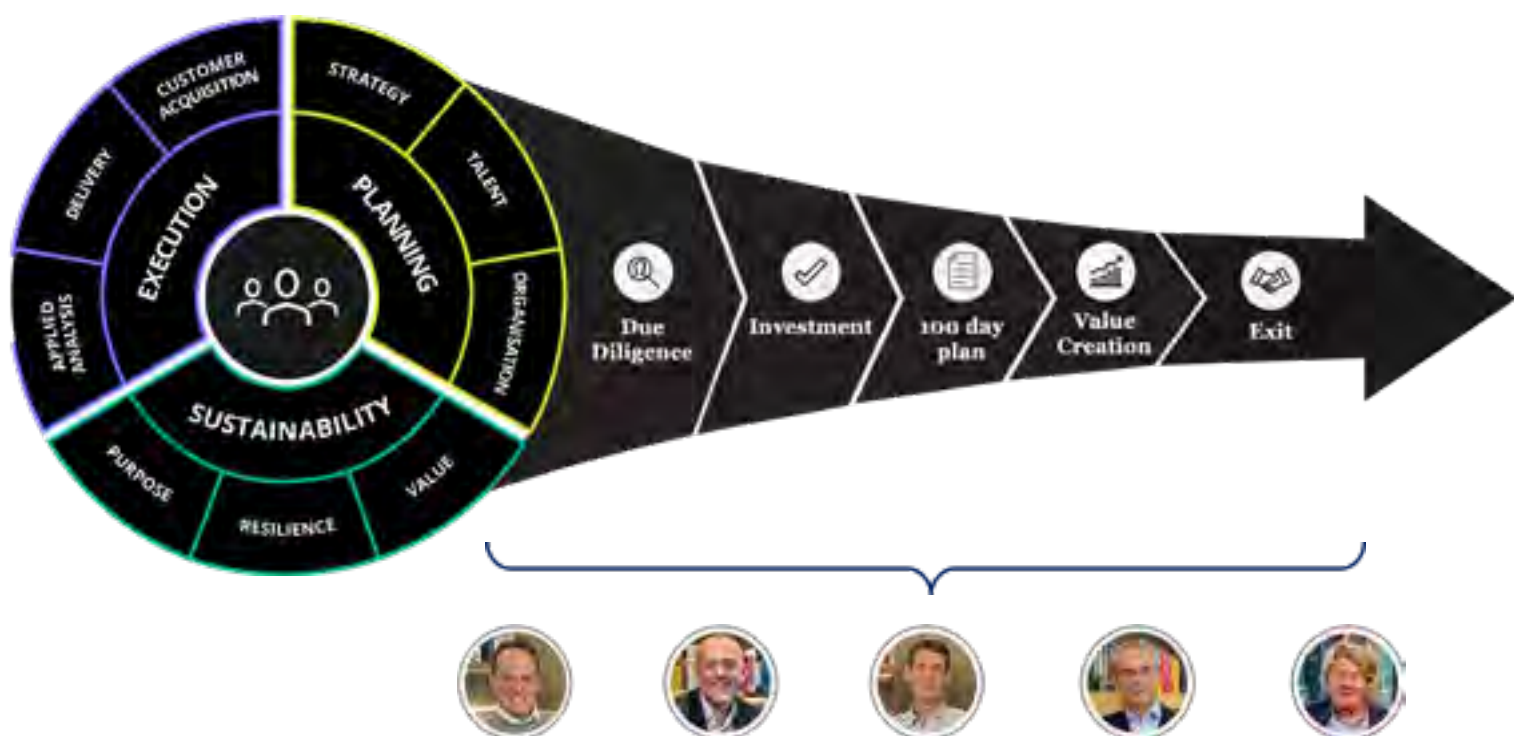
As part of deal assessment our Operating Partners meet leadership teams to develop deeper understanding of the business, at the same time as demonstrating how we can add value.

The due diligence process itself then goes into far greater detail across the different functions of each business focusing on the key areas determined by understanding that business, rather than applying a template approach. The traditional purpose is ensuring a business is performing as expected across departments, but at Frog it also facilitates relationship building between our Operating Partners and senior leadership teams as well as alignment around future scaling developments. The immediate outcome of this is an agreed 100

day plan to follow after investment, laying the foundations to a successful ongoing partnership.

One of the additional benefits of our approach is that our Operating Partners not only continue working as part of the portfolio company teams post investment, but also that they work closely with each other. This multiplies the value we can add because our work is both end to end, and inter-connected across what can otherwise be separate work streams.

In this toolkit we outline how we execute GTM Due Diligence, what is covered across Marketing, Partners, Sales and Customer Success, how we conduct due diligence, interviewing commercial stakeholders, how we identify risks and opportunities, and what to include in the data room.



The same Operating Partners are involved before we invest right through to exit

01 Introduction



The purpose of Frog's GTM DD is to identify areas of both risk and opportunity, for further consideration, pre any investment. The overarching goal is helping businesses to improve the performance of their commercial operation, in a controlled fashion.

Through the due diligence process we will gain an understanding of overall Marketing and Sales performance, identifying areas of opportunity and key obstacles. We map performance against what the business needs now and with a view on what GTM capabilities are needed to support mid to long-term requirements.

We assess the extent to which the following pillars are in place:

1

Team structure, culture, accountabilities and leadership

2

Clearly defined plan with OKRs (objectives and key results)

3

Appropriate processes, resource, technology and investment

4

Alignment between Marketing, Sales and Product

5

Effectiveness of value proposition and brand

6

Ideal customer profile (ICP) identification, segmentation and targeting



About the co-author
James Bagan
Frog Operating Partner

James Bagan is an Operating Partner at Frog. He has run and sold two private equity backed businesses and started his own advisory firm in 2012, providing a sales due-diligence service to investors, which has now been used over 150 times, worldwide.

As well as becoming a Fellow of the Institute of Sales Management, he has further underlined his commitment to process and structure by acquiring a PRINCE2 Project Manager certification.

He is the Chair of several investor backed technology businesses across Europe.



About the co-author
Lindsay Duncan,
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For 25-years Lindsay Duncan has been taking software and tech businesses to market, devising go-to-market strategies and transforming marketing functions.

Through 12-years of fractional CMO and Advisory support she has steered fast-growth companies through the classic growth pains of scaling, helping them achieve revenue growth and be disruptive in their market. As a friend of Frog, she also offers advice and support across their portfolio.

- 7 Customer advocacy, customer focus and market awareness
- 8 Marketing messaging, channels and attribution
- 9 Effective tracking and measurement, with regular reviews, benchmarking and testing
- 10 Sales processes and opportunity qualification methodology
- 11 Revenue operations' remit and reporting mandate
- 12 Repeatability and ability to scale
- 13 Future planning and value creation drivers



This means:

Leadership

Understanding **organisational readiness** for GTM activities, and **internal alignment** across GTM teams. This considers leadership presence, and the extent to which Sales and Marketing inform and lead decision-making in the business

Research

Assessing how **Sales, Product, Customer Success, Competitor and Market intel** is used to inform value propositions and optimise commercial efforts ongoing

Talent

Providing an objective assessment of the key **people** in the GTM teams and the structure of the function. This includes understanding **Marketing, Sales and Product alignment**, ways of working, information sharing, remuneration, training and objective setting

Funnel

Evaluating the **capabilities and processes** in place to drive brand awareness and interest, and creating, qualifying and closing opportunities, client retention, product marketing, and sales enablement activities, across internal and external resource, technology, systems and data management

Commitment

Appraising the **level of investment** into commercial resources and activity. Role suitability and seniority are also priority considerations. Determining marketing **ROI**, and contribution to **revenue and brand growth**

Tactics

Reviewing **content and channel performance**, including partner marketing and co-marketing and a cross-section of case studies, proprietary expertise and keywords

Focus

Challenging the business's **value proposition** for its clarity, client appeal and differentiation. Indicating, wherever possible, how messages can be refined and tuned to customer needs

Performance

Gaining clarity on how GTM is **tracked, measured, reviewed**, tested and refined

Process

Focusing on **repeatability and scalability**, and the understanding of which elements are in place or required, to build a robust GTM engine

GTM Due Diligence



How do we conduct a GTM DD?

At Frog, GTM DD begins as part of Deal Origination, so we get to know the companies early in the investment process. Having early knowledge of the company, its products and team enables a smoother flow into GTM DD and with that a more efficient process. Depending on the type of business, we may engage outside experts to help us better understand specific domains.

A typical GTM DD project at Frog tends to follow the following sequence:

Deal Organisation

Early on, before term sheets have been agreed, we will have had several meetings with all members of the leadership team including the CEO, CRO and CMO. By understanding the value proposition through the eyes of the customer, together with reviewing the company's growth plans, we will be able to focus the GTM DD. These early discussions also help to build chemistry and rapport between Management and the Frog Operating Partners.

1

Materials Review and Data Room

We will ask for certain documents to be collated in the official Data Room so they can be studied before the interviews. This helps add specificity to any questioning.

2

CRO/CSO/CMO Kick-off Call

The purpose of this conversation is to agree a preferred agenda, running order and also set expectations across the team.

3

4

Interviews

The formal interviews can take between 1 and 2 days and involve people across the entire commercial function. Each interview tends to last between 60 to 90 minutes. Accordingly, over 1 day there should be no more than 5 individuals being interviewed. Ideally these should include:

- CEO
- CRO/CSO/Head of Sales
- CMO/ Marketing Director/ Head of Marketing
- CTO/ Product Director
- Account Executive (or field salesperson)
- SDR (or inside salesperson)
- Partner/Channel sales leader
- Customer Success leader

The GTM review assumes that Commercial DD will take care of 3rd parties, such as existing customers, competitors, and partners.

Naturally the business's staff will need to be briefed on the exercise and what to expect. They should know that this kind of project is completely normal for a business seeking material investment. Given time pressures, questions will be direct and sometimes challenging.

For the review to have value both to the business and to Frog, answers should

be honest and if possible, supported with evidence. All staff will be told at the start of each session that they can adjust or withdraw any answer, right up to the point of report submission, in other words they are in control of the information they provide. If the staff can be prepared positively by Management, it can make a substantive difference to the quality of the output.

If required, the Reviewer is happy to have pre-calls with Stakeholders to further help set expectations and mitigate any potential concerns.



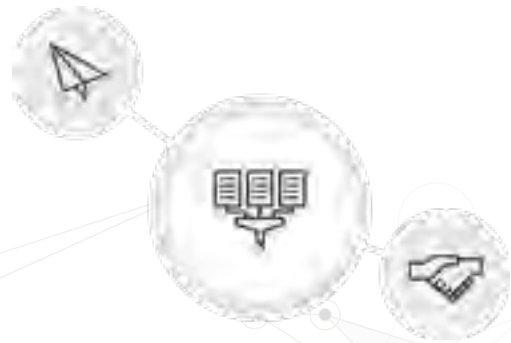
Follow-up



After the formal interviews are completed, we debrief the Deal Team at Frog and share high-level thoughts with other DD work streams, so we're joined-up. It may be as a result of these conversations that more detail is required, or further questions arise, this then may necessitate a couple of quick clarification calls with the CEO.

What is Covered?

- Qualification methodology
- Activity expectations and management
- GTM metrics (conversion rates, average deal size, targets and objectives)
- Bid/sales review process
- Forecasting procedures
- Formal reporting disciplines
- Management information quality and provision
- Pricing strategy
- Planning (including: territory planning, account planning and business planning)
- CRM and Marketing Automation systems, plus any other relevant technology
- Inbound and Outbound channels
- Partner development plan



Risks, recommendations and planning



Diligence concludes with a report summarising all the areas previously described. It is organised into sections covering the 3 key elements of the Frog Scale-Up Methodology:

- Planning
- Execution
- Sustainability



Each section is scored and then compared to all the other businesses who have been surveyed previously, generating a comparative score. This then becomes the baseline for our investments and will be reviewed annually to chart progress.

The Frog Operating Partner also produces a list of recommendations, suggestions, ideas and introductions for Management and the Deal Team to consider. Those that are felt to be of immediate attention will then be included in the post investment 100-day plan.

Checklist



Preparation checklist for dataroom content

- Relevant sections of most recent Board reports
- List of tools in the commercial tech stack, such as CRM, marketing automation and sales enablement

Marketing

- ☐ In-year marketing plan including marketing objectives and key metrics
- ☐ Marketing investment summary – spends on key initiatives, spend across channels, spend by supplier, ROI metrics and attribution model
- ☐ Current marketing leads, qualification criteria, and pipeline
- ☐ Performance of offers, incentives or pricing related A/B testing
- ☐ Outline of marketing contact data, including data collection and management processes, number of target accounts and contacts, and segmentation capabilities
- ☐ Overview of marketing channels, key metrics and performance of each channel against overarching goals
- ☐ Summary of PR and content themes, any owned topics or keywords
- ☐ Core marketing collateral including value propositions and brand guide, campaign briefs, recent thought-leadership content and case studies

- ☐ Sales enablement and product marketing assets including playbook, lead/nurture sales conversion content, explainers and demo-ware
- ☐ Marketing team role profiles, remuneration plans (anonymised), resource performance, for key internal roles and external suppliers

Partners

- ☐ Summary of any referral, co-marketing or partner marketing initiatives, including high-level outcomes
- ☐ Channel partner business plans or agreements
- ☐ Partner development or enablement plan
- ☐ Any channel specific technology

Sales

- ☐ In year business plan including sales targets and key metrics
- ☐ Current pipeline and forecast with commentary

- ☐ Description of whatever sales controls are being used
- ☐ Sales collateral such as a slide decks or proposal documents
- ☐ An organisation chart for the commercial function
- ☐ Example role profiles and remuneration plans (anonymised)
- ☐ Competitor website URLs, and any recent competitor comparison intel (e.g. product comparisons, messaging differentiation)
- ☐ Any pricing tables or strategy
- ☐ Training and coaching programmes

Customer Success

- ☐ The latest, most in-depth customer insights (e.g. customer satisfaction scores, NPS, customer interviews...)
- ☐ Customer Success strategy document
- ☐ Completed account plans
- ☐ Up to date churn and retention metrics including NRR and GRR
- ☐ Incremental growth targets and measures

Adapting our process around your business

Where marketing metrics are not readily available, anecdotal evidence and commentary to help us understand performance is welcomed. We also appreciate that not all functions will be established or mature enough to have everything in our data room checklist. In this instance we will adapt our DD process to fit.

Please share evidence of customers engaging with and validating core product value propositions. For example, engagement with key messages in subject lines, ads or thought-leadership, client testimonials, and customer validation of the benefits and outcomes.



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See more at www.frogcapital.com/scale-up-methodology

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